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U.S. Heads Off Shipment to Soviets

Jimmy Carter reacted to the Soviet invasion of Afghanistan by announcing a tough embargo on the sale of militarily useful hardware to Russia by American manufacturers.

Not long after, the president's new hardline policy got its first real work-out, and for sheer melodrama it surpassed anything in the staid, button-down Commerce Department's recent history. It almost took a last-minute charge by the U.S. cavalry to rescue a high-technology shipment from the devious, double-dealing Kremlin agents, who had arranged for a freighter to pick up the goods.

The sensitive material consisted of spray guns, drying ovens and other items needed to coat jet engines with a protective ceramic layer. The process prolongs the life of the treated jets, and is essential for long-range aircraft.

The manufacturer, Sermetel Inc. of Limerick, Pa., a subsidiary of Teleflex Inc., had struck a deal with the Soviet Union to provide the technology, the assembly line components and quality-control training that would enable the Russians to set up their own high-speed engine treatment complex. The contract was worth \$6 million to \$8 million for the American company.

Sermetel got the necessary licenses from the Commerce Department in June 1978, despite Defense Department objections and a CIA recommendation against the sale. By the

time the Afghanistan eye-opener changed the picture early this year, Sermetel had already delivered 56 volumes of technical data to the Soviets.

But the assembly line components were still in this country, and in early February the Pentagon asked the Commerce Department to revoke Sermetel's export license. Commerce sent two field agents to inform Sermetel its license was being reevaluated.

At the time, the company was scheduled to turn the assembly line material over to Amtorg, the Soviet government trade organization, in New York by June. But after the Commerce Department visit, Sermetel executives, presumably fearing the loss of their lucrative contract, moved the delivery date up to April.

Meanwhile, unbeknownst to Sermetel, a top-level interagency group in Washington decided late in February that the export license should be revoked. For some reason, Commerce never acted on the decision.

On March 24—a Monday—Defense Secretary Harold Brown sent a hand-delivered message to Commerce Secretary Philip Klutznick, ordering him to stop the shipment. Klutznick ignored the message.

Four days later—on Friday, March 28—the FBI notified the Pentagon that the Russians were diverting a freighter to pick up the shipment. Brig. Gen. William Odom, military

aide to national security affairs adviser Zbigniew Brzezinski, telephoned top Commerce officials. He ordered them to stop the shipment and threatened to go to the president if action weren't taken immediately.

Thus inspired, Commerce finally acted. At 5:15 p.m. that Friday, Sermetel got a phone call from Commerce enforcement agents wanting to know where the material was located. Company officials said the government agents were in "complete panic," but that Sermetel assured them the goods were safe in a Newark, N.J., warehouse. Pentagon officials, however, told my reporters Lonnie Rosenwald and Vicki Warren that Sermetel disclosed the location only after a Commerce official threatened economic sanctions against the company.

At any rate, Commerce ordered Customs Service officers to impound the shipment, only to be told that it was too late on a Friday evening to carry out the order. So Commerce had to send its own field agents to stick on the labels that officially impounded the material.

Sermetel has appealed the revocation of its export license. Commerce is conducting an internal investigation of the delay in effecting the revocation. And a group of Republican senators led by Utah's Jake Garn is trying to set up a special strategic trade office to take over export controls from the reluctant Commerce Department.